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S E C R E T SECTION 01 OF 02 ABU DHABI 004592

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STATE FOR NEA/ARPI RSMYTH, EB/ESC/TFS FOR DNELSON, JSALOOM,

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MANAMA FOR BEAL

E.O. 12958: DECL: 11/09/2015

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SUBJECT: ASSESSMENT OF CASH COURIER ENVIRONMENT IN THE UAE

REF: TREASURY 011853Z

Classified By: Ambassador Michele J. Sison for reasons 1.5 (b) and (d).

¶1. (S) Summary. The UAE is a largely cash-based society, and the importation of large sums of cash is not frowned upon. In fact, the UAE tends to regard Westerners bringing in large sums of cash as good for the country's economy, and we note that it is common for people here to carry large amounts of cash. Although the UAE has legal authorities in place that require declaring imported cash, the requirement is not strictly enforced. Even when cash is declared or discovered, police and customs authorities do not necessarily investigate. The U.S. has provided training to customs and police officials on bulk cash smuggling, and Embassy officers and Washington officials have discussed the problem of cash couriers with UAEG officials on multiple occasions. End summary.

¶2. (U) In response to reftel, following is Embassy's assessment of the cash courier environment in the UAE.

At the Border and the Legal Environment

¶3. (S) UAE law specifically requires cash in excess of \$10,800 be declared when it is brought into the country, and the Central Bank is in the process of revising the law to also require the declaration of exported cash in excess of \$10,800. Although the UAE has an import declaration requirement, it is not well publicized or enforced. Customs officials have told Embassy officers on multiple occasions

that they do not view cash imports as problematic and that they do not want to discourage people from bringing money into the country. If customs officials discover someone carrying undeclared cash, they are asked to declare the money, but customs officials tell us they do not necessarily consider it worth investigating further. Emiratis themselves (and Middle Easterners in general) are accustomed to carrying large amounts of cash on their persons, and this may be one reason for the lack of concern on the part of the customs officers. As a senior customs official told an Embassy officer, "But he might be a businessman using the money for legitimate purposes." Thus, the requirement to report cash only creates a record of its movement, and UAE authorities might not use the information to begin an investigation. Although the customs officials do have a laissez-faire attitude, this should not be mistaken for corruption. The customs officials in Dubai and the rest of the UAE are not typically perceived to be corrupt.

¶4. (S) Although customs officials do share some information with law enforcement and Central Bank officials, communication is informal and often ad-hoc. According to documents from the Central Bank, customs officials only submitted 111 suspicious transaction reports (STRs) to the UAE's FIU, the Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) between December 2000 and January 2005. The UAE is aware that large sums of cash coming from India and Pakistan. In one instance, Dubai Police arrested an Indian man who had taken multiple trips to and from India allegedly smuggling the proceeds of illegal activity, and the case is pending prosecution.

¶5. (C) Article 6 of the UAE's Anti-Money Laundering law authorizes the Central Bank to establish a ceiling for the amount of currency that can be brought into the country, and Article 18 authorizes a fine of \$545 to \$2,700 for violations. Additionally, the Central Bank regulation that set the \$10,800 ceiling for cash imports states, "In case no declaration was made and cash amounts exceeding the said ceiling were detected, the customs officer in charge should inquire about the reasons for not declaring. If the said officer found the reasons unconvincing, he should seize and transfer the amount to the Attorney General to initiate legal proceedings against the concerned person."

The Political Environment

¶6. (C) The UAE Central Bank has reviewed FATF Special Recommendation IX on cash couriers, and it was discussed during a December 2004 meeting of the National Anti-Money Laundering Committee, which included UAE customs officials. It was also discussed during a UAE-sponsored GCC-EU Seminar on Combating Terrorist Finance held in March of 2004. Washington visitors -- including Homeland Security Advisor Fran Townsend -- have engaged Central Bank, law enforcement, and security service officials in Abu Dhabi and Dubai on the problem of cash couriers using the UAE to transit funds. Although the senior-level leaders all note that the problem of cash couriers is a concern, we have not seen this awareness translate to a concentrated effort on the part of the customs officers to try to address the situation.

USG Assistance

¶7. (C) In September of 2005, DHS/ICE provided training to Dubai Police and Customs officials on detecting and investigating bulk cash smuggling cases. Although Customs Officials did not request additional training, they would likely welcome it. We note, however, that they have not made changes in their procedures or practices since the September training. As a travel hub for the region that is easy to transit, Embassy is concerned that a significant amount of currency smuggling goes through Dubai. Abu Dhabi and the rest of the emirates are not as much of concern. As such, the USG has focused most of its training and enforcement efforts on Dubai Customs and Police. The UAE Federal Customs

Authority has virtually no authority or capabilities in the UAE.

The Strategic Picture

¶8. (C) Embassy agrees that all elements listed in para 6 reftel are essential for combating terrorists' use of cash couriers. However, we note that first and foremost, the host nation needs to enforce its laws and investigate suspected individuals aggressively. The UAE has all the right laws in place, but enforcement is still weak.

SISON